

April 10, 1975

If there is going to be some discussion, and it appears that there will be, I'll wait until after the discussion.

PRESIDENT: Senator Duis.

SENATOR DUIS: Senator Cavanaugh, not discussion, I presume that you know how this premium is figured. This premium is not figured on losses.

SENATOR CAVANAUGH: This isn't premium, this is the state as a self-insurer. This is losses.

SENATOR DUIS: Well, the premium is figured...for instance, the city of Omaha is a self-insurer. Now they have to return to themselves the premium that...this is a little difficult to explain. The State of Nebraska requires that self-insurers pay premium tax. In order to figure the premium tax they have to figure how much the premium would be that they would pay to a normal insurance company when they are self-insurer. Now, for you to get a good figure at this, I would suggest that you go to your own city administration and find out how much additional that this will cost them, because of the increased premium that they must charge themselves for their workman's compensation insurance and then pay their own claims. I think it's a little more difficult in figuring then you would just estimate at \$25,000. I think it would take somebody who would have to do a little going back and finding out what their ratio of losses are and such as that so that they can determine an additional amount on the ratio of losses. The state of Nebraska maybe absolved of the premium tax, I don't know. I can't tell you that but I know that for instance that the city of Omaha is not. The city of Omaha is going to have to pay more because they are going to have to pay more premium tax and they're also going to have to pay additional in their losses on a ratio and basis on what has gone on in the past so, I don't think that just anybody can say I think it can be so many dollars. I think it takes a considerable amount of figuring. I'm not trying to argue with you. It doesn't make any particular difference to me except I think the fiscal staff should or what you should do instead of trying to guess at \$25,000 is to go to them and find out how they arrived at the figure, if you would please, because your city of Omaha is going to have to do the something. Have you checked with the city of Omaha what is going to be necessary to them?

SENATOR CAVANAUGH: Is that a question of me? No I haven't, Senator, because that's not my responsibility as far as the A bill is concerned. I didn't just grab this off the top of my head. Judge Novacoff figured this increase. I think our fiscal staff grabbed a figure off the top of their head. They've given me five or six different figures as this bill has moved across. Judge Novacoff supplied me with his estimate of what the cost would be and as it says in my opinion, \$25,790 would be a much more accurate figure. Now, I'm not an actuary and all I say is that anybody who is putting a figure on here is guessing and I suppose it depends on whether you want to guess at \$50,000 or guess at \$25,000.

PRESIDENT: Senator Clark.

SENATOR CLARK: Mr. President, members of the body, I'd like to have this bill held up until we can check with the fiscal staff and find out. I mean, we've got figures here of \$195,000 general fund originally. Now, it's down to \$53,000 and Senator Cavanaugh says he estimates at 25.